

Message Text

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PAGE 01 KHARTO 02038 050614Z
ACTION AF-10

INFO OCT-01 NEA-11 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /137 W
-----023919 050617Z /13

R 050508Z MAY 78
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 7276
INFO AMEMBASSY ABU DHABI
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
USINT BAGHDAD

C O N F I D E N T I A L KHARTOUM 2038

E.O. 11652: GDS
TAGS: EFIN, ENRG, SU
SUBJECT: FOREIGN EXCHANGE AND THE SUPPLY OF PETROLEUM

REF: (A) KHARTOUM 1691, (B) KHARTOUM 1503

1. PETROLEUM SUPPLIES FROM EGYPT AND IRAQ DURING PAST TWO WEEKS WERE DISRUPTED RESULTING IN TEMPORARY (3-DAY) CLOSURE OF PORT SUDAN REFINERY. RELIABLE BANKING SOURCE SAID EGYPTIAN TANKER REFUSED TO DOCK UNTIL PAYMENT RECEIVED. EGYPT ALSO SUPPLIES PRODUCT. LAST WEEK SUDAN REACHED AGREEMENT WITH EGYPT TO BARTER SUDANESE COTTON FOR EGYPTIAN PETROLEUM PRODUCTS.

2. SUDANGOV STILL HOPING THAT PORT SUDAN REFINERY CAN ACCEPT ABU DHABI CRUDE SO THAT DEPENDENCE UPON IRAQI CRUDE CAN BE REDUCED. FAVORABLE CREDIT TERMS PROVIDED BY IRAQ (REF B) APPEAR TO COVER ONLY 20 PER CENT OF COST; THE REMAINING 80 PER CENT MUST BE PAID IN CASH. SUDAN
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BELIEVES THAT IT CAN GET BETTER DEAL FROM ABU DHABI.

3. COMMENT: DECISION TO BARTER KEY FOREIGN EXCHANGE CROP REPRESENTS FURTHER DETERIORATION OF FOREIGN EXCHANGE POSITION. SUDANGOV HAS CONSISTENTLY REFUSED ANY BARTER OFFERS, PREFERRING TO SELL COTTON AND OILSEEDS ON THE WORLD MARKET FOR HARD CURRENCY, THUS ALLOWING SOME FLEXIBILITY IN

THE ULTIMATE USE OF SALES PROCEEDS. ANOTHER EXAMPLE OF
HOW SUDAN'S FINANCIAL OPTIONS ARE CONTINUING TO BE
CURTAILED.
BERGUS

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NNN

Message Attributes

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Draft Date: 05 may 1978
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Decaption Note: 25 YEAR REVIEW
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